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Do Chief Financial Officers need to be qualified accountants? A study of whether and when accounting qualification may not be necessary for CFOs.

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DO CHIEF FINANCIAL OFFICERS NEED TO BE QUALIFIED ACCOUNTANTS?

A STUDY OF WHETHER AND WHEN ACCOUNTING QUALIFICATION MAY NOT BE NECESSARY FOR CFOS.

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2022

I hereby declare that this dissertation is my original work and it has been written by me in its entirety. I have duly acknowledged all the sources of information which have been used in this dissertation.

This PhD dissertation has not been submitted for any degree in any university previously.

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Abstract

Many empirical research studies suggest that Chief Financial Officers (CFOs) with accounting qualifications improve company performance in various ways such as through better financial reporting accuracy (Aier et al., 2005), internal control (Li et al., 2010), corporate governance (Sun et al., 2015) and tax efficiency (Chen et al., 2020). This suggests that CFOs should be qualified in accounting. However, this study found that this may not always be the case.

By looking at the top listed companies in Singapore, it was found that a significant percentage of CFOs are not accounting qualified, which indicates a significant gap. The study conducted interviews with five groups of stakeholders and found that people who believe in the importance of CFOs' accounting qualifications view it as a way for companies to signal their financial strength, which aligns with signalling theory. However, those who believe there is no need for CFOs to be accounting qualified tend to believe person-job fit (PJ-Fit) is a more

important factor. The study found that when the company size is large, PJ-Fit is more important than signalling. This is because larger companies tend to have more resources to invest in identifying specific attributes of their CFO candidate than relying on the signalling effect. They also have stronger legitimacy and more availability of staff with accounting qualifications.

This study’s findings help deepen the understanding between prior research and the implications for practising managers. This study also suggested areas for future research.

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Introduction

Background

The discussion on whether Chief Financial Officers (CFOs) should be accounting qualified has been ongoing for many decades. Some have argued that the role of the CFO is critical in ensuring the financial stability and success of an organisation. To effectively perform their role, CFOs should have a strong background in accounting and financial management and therefore CFOs should be accounting qualified.

This argument is supported by empirical research studies which suggest that CFOs with accounting qualifications improve company performance in various ways such as through better financial reporting accuracy (Aier et al., 2005), internal control (Li et al., 2008), corporate governance (Sun et al., 2015) and tax efficiency (Chen et al., 2020). Hence, based on studies such as these, the majority of CFOs in companies should be accounting-qualified.

In addition, since early 2000, the regulatory bodies of many countries require the Chief Executive Officer (CEO) and CFO of public listed companies to certify the appropriateness and fairness of the financial reports, which includes the Sarbanes-Oxley Act section 302, “Corporate Responsibility for Financial Reports” in the United States. The increasingly complex reporting environment means that the most senior person in finance manages corporate financial reporting; thus, CFOs need strong accounting expertise to certify and assure CEOs that they can also certify the financial reports. Hence, having the accounting qualification appears to be necessary. However, through observations and rhetorical understanding, it was found that there were many successful CFOs who are not accounting qualified.

In this study, the author will explore this topic through the lens of practitioners and relate to established theories.

Research Questions

The purpose of this study is to address the following research questions:

a) To what extent is accounting qualification prevalent in CFO?

b) What are the reasons why it may not be important?

Significance of Study

The importance of this study lies in its focus on understanding the gap between the findings of prior research and actual industrial practices. By conducting comprehensive interviews with key stakeholders, including current CFOs, potential future CFOs, CEOs, leaders of accounting bodies and partners of accounting firms, this study provides insights into the reasons for the gap.

The study then relates these reasons to existing established theories. This information can be used by companies to make informed decisions when selecting their CFOs, as well as by practitioners to gain a deeper understanding of the significance of accounting qualifications to CFOs.

Literature Review

Importance of Top Management Team Qualifications

A significant amount of prior research has found that the qualifications of the top management team (TMT) positively contribute to company performance. For instance, Rakhmayil and Yuce (2009) found that qualifications of top management help with the manner in which companies can execute capital structure; in the present study, the CEO's professional qualifications significantly increase the company's leverage, which in turn improves the company's performance.

With specific reference to financial qualifications, studies have revealed positive relationships. For instance, Mey and de Klerk (2015) found that CEOs' financial qualifications, measured by whether the CEO was a Chartered Accountant, improved financial reporting within a company. This was measured by fewer accruals management and estimation errors. Further, Gupta and Mahakud (2020) found that CEOs' financial professional qualifications enhanced company performance.

Many studies of financial expertise have found that audit committee members' financial expertise has positive outcomes. For example, Abbott et al. (2004) showed that if one of the audit committee members possesses financial expertise, the chance of restatement is lower. Further, the work of Davidson et al. (2004) discovered that if a new audit committee has financial expertise such as accounting qualifications, the market reacts positively, and there is an improvement in stock prices. This is also evident in the work of Baatwah et al. (2019), who found that companies with audit committee chairpersons holding accounting qualifications contributed to company governance through reduced audit delays.

There are, however, some studies which mixed results. For example, Lindorff and Jonson (2013) found that CEO qualifications have no significant impact on a company's financial performance. In addition, Darmadi (2013) found that CEO and board members' education have a positive impact on companies' performance, but academic degrees in finance-related disciplines have a negative impact on the company.

Although some of the above studies demonstrated mixed results between TMT qualifications and company performance, most studies do report a positive and significant relationship between TMT qualifications and company performance. If accounting qualifications for important people such as CEOs and audit committee chairpersons are important, it is reasonable to believe that accounting qualifications are even more critical to CFOs.

Importance of CFOs' Qualifications

Although the empirical research on the accounting qualifications of CFOs is relatively scant, the research that does exist shows that the relationship is positive. Firstly, the relationship between CFOs' accounting qualifications and financial reporting quality is significant and positive. The study by Aier et al. (2005) found that firms with CFOs who have Certified Public Accountant (CPA) certification experience fewer accounting restatements. This suggests that accounting expertise is a critical factor in preventing errors and making a significant contribution to improved financial reporting quality. This is essential for the credibility and reputation of an organisation, given the importance of presenting accurate and reliable financial reporting to stakeholders, investors, and regulators.

Secondly, the relationship between CFOs' accounting qualifications and financial reporting quality is significant and positive. The paper by Li et al. (2010) found that financial executives' qualifications are positively related to the executives' turnover but negatively related to adverse SOX 404 opinions. This suggests that although accounting qualifications can lead to higher turnover rates of financial executives like CFOs, they can also result in lower adverse opinions, which is beneficial for the overall functioning and reputation of a firm. It also suggested that companies who hire an accounting-qualified finance executive have a higher probability of receiving a clean opinion in the year following a company's adverse SOX 404 opinion on internal control quality.

Thirdly, Sun et al. (2015) found that the financial expertise of CFOs is positively associated with good corporate governance. This means that it significantly reduces the corporate governance concerns of the company. Good corporate governance image is critical for a company's growth and it also helps to reduce potential negative impact even if the company is involved in corporate governance issue. Based on Sun et al.'s (2015) regression analysis, CFOs' CPA certification significantly alleviates any governance concerns of the company's stakeholders. Given the importance of good corporate governance, it is essential for CFOs to possess accounting qualification.

Lastly, Chen et al. (2020) found that CFOs' accounting expertise is negatively related to corporate tax avoidance and that compensation design has a moderating effect on this relationship. This suggests that accounting expertise can help CFOs make informed and ethical decisions regarding tax planning and avoidance, so as to achieve better tax efficiencies or lower companies' effective tax rates. Given the increased scrutiny of tax practices by regulators and stakeholders, it is crucial for CFOs to possess an accounting qualification so that they have a strong understanding of tax regulations and accounting principles and can apply these principles in their decision-making processes.

In conclusion, the above papers provided strong evidence that CFOs should be accounting-qualified in order to effectively perform their duties and ensure the financial health and stability of their organisations.

Accounting expertise can help CFOs prevent accounting restatements, improve financial executive turnover, ensure good corporate governance, and reduce corporate tax avoidance. Given the critical role of CFOs in the financial management and in shaping the direction of a company, it is imperative for organisations to prioritise the hiring of accounting-qualified CFOs.

Discussion

Past research finds significant and positive relationships between CFO's accounting qualifications and better overall company performance. While there are papers that found low significance of accounting qualifications in relation to company performance and papers suggesting accounting-qualified CFOs should have broad experience or should have gone beyond accounting, the author was unable to locate any research which stated that CFOs should have accounting qualifications. With the findings from the research listed above, it may be reasonable to believe that most companies will have CFOs who are qualified in accounting.

Methodology

This study started with verifying whether the findings of relevant research papers are being applied in practice in the Singaporean context.

Collecting Qualification Information of CFOs

This study undertook a manual background check by first sorting the listed companies in Singapore by market capitalisation and focused specifically on the top 20. Following this, the author referred to the annual reports of the companies and particularly the sections that described CFOs and their qualifications. The name of the CFO and their qualification were recorded. If the statement on the CFO includes any mention of accounting qualification, that CEO was subsequently considered accounting qualified.

It was reasonable to assume in the study that the statements used to describe the CFO in the top 20 listed companies' annual reports were accurate; however, in order to provide verification, this information was checked against the personal profile on LinkedIn. While it is not possible to know whether the personal profiles were written by the CFOs themselves and whether they were indeed accurate, it was deemed reasonable to assume that the CFOs, being better known in the industry, would have checked their LinkedIn profiles. It would be sensible to adopt a prudent approach, so if either the annual reports or LinkedIn show that the CFO is qualified in any of the accounting bodies, it was subsequently assumed that the CFO is qualified.

It was also found that while most companies' highest ranking finance employee has the title of CFO, some companies do not use the CFO title, hence, the check would then be on the person with the highest finance title in the company.

The names of all CFOs checked or interviewed are intentionally masked and not shown in this paper but is available in the supporting document of this study.

Defining Accounting Qualification

For this study, an accounting qualification refers to any accountant title conferred by any accounting membership body around the world. Based on the types of qualification of the top 20 CFOs, the two most common accounting bodies for CFOs in Singapore are the Institute of Singapore Chartered Accountants (ISCA) and the Association of Chartered Certified Accountants (ACCA). Many of the interviewees selected for the study have their accounting qualification from either of these two accounting bodies.

In some cases, the statements in annual reports or on LinkedIn may indicate that the CFO is qualified; however, he or she may been qualified in previous years but may no longer continue to be a member of that accounting body. This study also understands that some CFOs may have been conferred the title of accountant due to their contributions in the industry after becoming senior executives. For the purpose of this study, all the above situations are considered to be accounting qualified.

This paper would also like to highlight that if the CFO is not accounting qualified, it does not mean they are not qualified to be CFOs. During the study it was found that many non-accounting qualified CFOs have a Bachelor, Masters or Doctorate degree, while some CFOs have other related qualifications like Chartered Financial Analyst (CFA) titles and they are well-qualified to be CFOs. The specific concern of this study is whether CFOs are qualified by accounting bodies. This study does not comment on their other qualifications or their performance.

Selecting Interviewees

The author aims to approach a diverse group of stakeholders to obtain a wider perspective on this research topic. To do this, five main stakeholder groups were selected and the senior executives who are potential future CFOs or who have interests and influences in the recruiting of a CFO were approached.

These interviewees were selected due to their job titles or position in the company during the interview period. Although the aim was to reach a diverse group of stakeholders for this research topic, the study was limited by time and interviewee availability. For example, while the study hopes to interview all the top 20 CFOs of listed companies, of whom some are qualified and some not, the author could only approach three who agree to be interviewed, and all three are accounting qualified.

The selected interviewees included CFOs of the top 20 companies, second-level finance leaders who could be potential future CFOs, CEOs of companies in Singapore, council members and management staffs of accounting bodies and partners of audit firms.

Current CFOs

These interviewees are usually the most senior finance leaders in the company and handle the financial matters for the company. They also hire subordinates who are sub-unit or country CFOs for the company. Many of these subordinates are successors to the group CFOs themselves or may leave the company to become group CFOs of other companies. The candidates for the interviews are:

- CFO1 - The interviewee is the Group CFO of a hospitality company listed on the mainboard of the Singapore Exchange with a market capitalisation of more than 8 billion SGD in 2019. At the time of interview, her team size is more than 200, her view is useful in the understanding of the trend of hiring future CFOs.

- CFO2 - The interviewee is the Group CFO of a bank listed on the mainboard of the Singapore Exchange with a market capitalisation of more than 35 billion SGD in 2019. He has insightful views about whether companies should always hire accounting based CFOs.
- CFO3 - The interviewee is the Group CFO of a bank listed on the mainboard of the Singapore Exchange with a market capitalisation of more than 32 billion SGD in 2019. At the time of interview, he had set up training departments within the bank to train non-accounting finance leaders, his view is useful to understand the alternatives of accounting qualification for aspiring finance leaders.

Potential Future CFOs

Potential future CFOs are the second-level finance leaders of the company, usually reporting to the group CFOs. Depending on the size of the company, their job scope is to support the CFOs, a role that typically encompasses accounting, business partnering, financial reporting, planning and analysis, taxation, treasury, or being sub-unit CFOs. They have a good sense of the job scope of the CFO, with some being positioned as potential successors of the CFO. The candidates for interviews are:

- FD1 - The interviewee is the President and Global Head of Finance of a commodity company listed on the mainboard of the Singapore

Exchange with a market capitalisation of more than 4 billion SGD in 2019. He speaks frequently at conferences about the importance of accounting knowledge and qualification.

- FD2 - The interviewee is the Group Finance Director of a manufacturing company listed on the mainboard of the Singapore Exchange with a market capitalisation of more than 3 billion SGD in 2019. He is a finance leader with strong operational capability.
- FD3 - The interviewee is the Regional CFO of a lift trucks company listed on the New York Stock Exchange (NYSE). He is a finance leader with strong business partnering capability.
- FD4 - The interviewee is the Finance Director of a multi-national hospitality company in Singapore headquartered in US. He speaks frequently to aspiring finance leaders at ACCA conferences.
- FD5 - The interviewee is a former Finance Director of a multi-national communication device company in Singapore headquartered in US. He is a finance leader but was also a former CEO of a company, his view is useful to understand the mindset of a CFO-turned-CEO hiring a CFO.

CEOs or Board Directors

The CEOs or Board Directors are usually the hiring managers or have influence over the hiring of CFOs. The candidates for interviews are:

- CEO1 - The interviewee is the General Manager of a multi-national AI and Network company in Singapore headquartered in China. He is an advocate of using new tools to improve company efficiency, his view can contribute to the understanding of the tools and knowledge needed by future CFOs.
- CEO2 - The interviewee is the Managing Director and CEO of a small-medium enterprise dealing with sanitary equipment in Singapore. He represents the leader of traditional companies in Singapore.
- CEO3 - The interviewee is the Managing Director and CEO of a small-medium enterprise dealing with home security equipment in Singapore. He represents the leader of smaller companies in Singapore.
- CEO4 - The interviewee is the Managing Director and President of a few small-medium enterprises which one of them is dealing with supplement food products in Singapore. His company's finance leader is accounting-qualified person, his view is useful to understand the hiring mindset.
- CEO5 - The interviewee is the CEO and board director of a few companies in Singapore and a former minister of state for Singapore. He speaks regularly in large conferences on various topics including accounting, his view is important to understand the trend of accounting in Singapore.

- CEO6 - The interviewee is the board director of a few companies in Singapore and was a former managing director of a holding company owned by the Government of Singapore with net portfolio value of more than 300 billion SGD. He is a well-known person in Singapore's accounting industry.

Managers of Accounting Qualification Bodies

The accounting bodies are usually the administrators of accounting qualifications for the nation, and almost all nations have at least one national accounting body. These accounting bodies have a direct influence on the relevance of accounting qualifications. While this study recognises qualified accountants from all accounting bodies, the two most common accounting associations in Singapore are ISCA and ACCA; therefore, interviewees from ISCA and ACCA were invited.

It is likely that there will be bias within this group as these interviewees are administrators of qualified accountants and have a vested interest in seeing that an accounting qualification is important to CFOs. This study approached the most senior members of the accounting bodies such as the leader of the body in Singapore and its council member:

- AB1 - The interviewee is the CEO of an accounting body in Singapore. She was recently promoted to be the CEO of the national accounting body, her views are essential for the study.

- AB2 - The interviewee is the Singapore country head of an accounting body in UK. He regularly advocates for the UK accounting qualification in Singapore, his view is useful to the study.
- AB3 - The interviewee is an elected council member of a Singapore accounting body and an adjunct professor at a Singapore university. He is a well-known person in the accounting industry, and is very experienced in the field of accounting
- AB4 - The interviewee is an elected global council member of an accounting body in UK. At the time of interview, he is also the CEO of an accounting software, his view is useful to the study.

Partners of Accounting Firms

Auditors are sometimes consulted by the CEOs and the boards when hiring a CFO and hence may have an influence in a company's finance department. There is also likely to be bias among these interviewees because they are usually qualified accountants and have an interest in seeing that an accounting qualification continues to be important. For group (e), this study selected the members who are not employed full-time in the accounting firm. The candidates for interviews were:

- AF1 - The interviewee is a former Singapore deputy managing partner of a big-4 accounting firm. He is well-known in the industry, is the former president of the national accounting body and former chairman of a UK accounting body in Singapore, he has insightful views about the trend of accounting.

- AF2 - The interviewee is the managing partner of a top 10 accounting firm in Singapore. At the time of interview, he is also the chairman of a government body, his view is impartial and insightful.

Conducting Interviews

During the interviews, the interviewer set the context by sharing the research background, including the past research findings. The interviewer then shared the results of the manual background check on the top 20 companies' CFOs, and explained there is a gap. The interviewees were then asked pre-determined questions.

However, as most of the interviewees are senior executives who are very experienced and have a strong interest in the subject, many were eager to share their opinions without following the pre-determined questions. It was deemed important not to interrupt them, and instead the interviews were conducted in an open-ended manner so that in-depth views could be obtained.

The interviews usually last about 1-3 hours, and appointments were made in advance. The interviewer sought the interviewees' permission for the interviews to be recorded, and once granted, the interviews were recorded by phone.

Initially, almost all interviews were conducted in the interviewees' offices. However, some part of the research was conducted during the Covid-19 lockdown in Singapore, where, under government regulations, people were ordered to stay at home. Thus, the interviews had to be carried out through virtual discussions facilitated through software like Zoom, Microsoft Teams, WebEx, WeChat and WhatsApp video calls. After the Covid-19 lockdowns, some interviewees continued to work from home and requested for discussions to be done in public areas like cafés and restaurants.

Designing Interview Questions

Due to the seniority of the interviewees, most of the interview questions were designed to be a guide for an open discussion. The guiding questions of these semi-structured interviews are shown in Appendix 1.

Consolidating Responses

For the interviewees who agreed to have their interviews recorded, video or voice files were utilised. These recordings were then transcribed using a third party transcribing software, Otter software package https://otter.ai. The recordings and transcriptions were stored in the author's Google Drive and will be kept there according to the agreed timeline. The comments of the interviewees who did not explicitly consent to be recorded were manually written on a Word file or on Google Keep. These records were stored according to the agreed timeline.

In cases where the interviewees started the interview with a "no" opinion (e.g. "if you ask me whether I need a CFO who is an accountant, it is likely no"), but after discussion, switch to a "yes" opinion, (e.g. "I sincerely feel that CFO need to be qualified"), this study kept their quotations but followed up and clarified as to which one was their primary view for the analysis.

Results

Results from the Data

The results of the background check of the CFOs of the top 20 Singapore companies showed that 40-45% were not accounting qualified.

Manual Background Check on the Top 20 Listed Companies' CFOs

In November 2018, it was found that 45% of the top 20 Singapore-listed companies' CFOs were not accounting qualified (see Table 1, if the "Accounting Qualification" field is empty, the CFO is not accounting qualified based on the methodology used).

Table 1: CFO qualification details in 2018

Qualification of CFOs of top 20 companies by market capitalization (Assessed Nov 2018)		
	Company	**Accounting Qualification**
1	Prudential Singapore	Institute of Chartered Accountants of Scotland
2	DBS Group Holdings	Institute of Singapore Chartered Accountants
3	Jardine Matheson Holdings	Chartered Accountant in Ontario

3	Jardine Strategic Holdings	Chartered Accountant in Ontario
4	Singtel	Institute of Singapore Chartered Accountants
5	OCBC Bank	Institute of Singapore Chartered Accountants
6	UOB	Institute of Singapore Chartered Accountants
7	Thai Beverage	
8	Hongkong Land	Chartered Accountants Australia and New Zealand
9	Wilmar International	
10	Global Logistics Properties	American Institute of Certified Public Accountants
11	Genting Singapore	Institute of Chartered Accountants in England and Wales
12	Jardine Cycle & Carriage	
13	IHH Healthcare	
14	CapitaLand Group	
15	Dairy Farm International Holdings	
16	Keppel Corporation	Institute of Singapore Chartered Accountants
17	Great Eastern	
18	Singapore Airlines	
19	City Developments Limited	Institute of Singapore Chartered Accountants
20	Shangri-La Asia	
		45%

This background check was repeated in November 2021 and it was found that 40% of the top 20 Singapore-listed companies' CFOs are not accounting qualified (see Table 2 below, if the “Accounting Qualification” field is empty, the CFO is not accounting qualified based on the methodology used).

Table 2: CFO qualification details in 2021

Qualification of CFOs of top 20 companies by market capitalization (Assessed Nov 2021)		
	Company	**Accounting Qualification**
1	DBS Group Holdings	Institute of Singapore Chartered Accountants
2	Prudential Singapore	Institute of Chartered Accountants of Scotland
3	Jardine Matheson Holdings	Chartered Accountant
4	OCBC Bank	Institute of Singapore Chartered Accountants
5	UOB	Institute of Singapore Chartered Accountants
6	Singtel	
7	Wilmar International	Institute of Singapore Chartered Accountants
8	IHH Healthcare	
9	CapitaLand Group	Institute of Singapore Chartered Accountants

10	Hongkong Land	Institute of Chartered Accountants of Scotland
11	Thai Beverage	Institute of Singapore Chartered Accountants
12	Singapore Airlines	
13	CapitaLand Integrated Commercial Trust	
14	Ascendas Reit	Institute of Singapore Chartered Accountants
15	ST Engineering	
16	Singapore Exchange	
17	Great Eastern	
18	Genting Singapore	Institute of Chartered Accountants in England and Wales
19	Keppel Corp	Institute of Singapore Chartered Accountants
20	Jardine C & C	
		40%

These two background checks were carried out twice – first, when the study commenced (November 2018) and then again as it was concluding (November 2021). The fact that both results were similar showed a significant percentage of companies' CFOs not being accounting qualified.

BoardEx Database

This study attempted to use an external database – BoardEx – to verify the findings; however, it was found that the BoardEx database is not conclusive. First, it did not have data on all listed companies in Singapore. Second, its CFO profiles are based on the description in the companies' annual report but was not able to be fully verified.

Inconclusive Database. From the database extracted on the last week of July in 2021, there were only 394 Singapore-listed companies with CFO information in the database. Based on the Singapore Exchange (SGX)'s Monthly Market Statistics Report, on 1 July 2021, there were 682 listed companies. As sufficient data were not available, it was decided not to use BoardEx as an analytical tool and to continue using the manual background check. However, the result of the verification still supports the results of the manual background check.

Difficult to Verify Profile. The study found that the BoardEx database does not have a specific field to track whether the CFOs are accounting qualified. The closer field is a customisable "profile entry" field which allows the study to extract CFOs' profiles through the CFO description in the companies' annual report. The study used this field to search for any mention of accountancy qualification in the CFOs profile.

If any of these wordings were found, it is deemed that the CFO is accounting qualified. This includes “chartered accountant”, “certified accountant”, “practising accountant”, “public accountant” and other wordings suggesting the qualification. Assuming the annual reports of Singapore-listed companies are reasonably accurate, this method still has risks as it may assume that CFOs are accounting qualified when they are not. For example, the CFO may have passed the accounting examination of “Association of Chartered Certified Accountants” but did not complete the subsequent processes to become accounting qualified, or the CFO had previously qualified as “Chartered Accountant Singapore” but did not continue to be a member of ISCA.

Results. With the above two limitations, based on the database on July 2021, it was found that 278 out of 394 companies have CFOs with accounting qualifications. This means 116 companies out of 394 or 29.5% of companies have CFOs without accounting qualifications. While the percentage is smaller than the 45% and 40% found from manual background check, 29.5% is still a significant number and is aligned with the results of the manual background check.

Job Recruitment Advertisement

This study also tried to use job postings for CFO roles to verify the findings. In the last week of July 2021, a total of 10 CFO job recruitment advertisements in Singapore were found on job websites such as linkedin.com, sg.indeed.com, monster.com, jobstreet.com, jobsdb.com, jobcentral.com.sg. It was found that 70% of job advertisements required the CFO candidates to have accounting qualifications, while 30% did not. However, job postings were later found to be inconclusive as, firstly, it was noted that many jobs were not being posted and, secondly, the postings were not easily verified. Please refer to the appendix 3.

For these reasons, the study did not expand the search to other dates or other sites, but 30% is still a significant number and is aligned with the results of the manual background check.

Summary

This study used various approaches to answer research question (a) – to what extent is an accounting qualification prevalent among CFOs? The first key finding in relation to this was that, based on the manual background check, 40-45% of CFOs in those companies are not accounting qualified. Second, based on the search on the BoardEx database, it was found that 29.5% of the companies' CFOs are not accounting qualified. Third, based on the search on job-recruitment advertisement, it was found that 30% of the advertisements do not actually require the CFO to be accounting qualified.

While the study focused on the manual background check, the other two verifications support the finding that the extent to which an accounting qualification is prevalent in CFOs is not as high as suggested by the discussion within the literature review, which in turn suggested that almost all company CFOs are expected to be accounting qualified.

The study will proceed to understand what are the reasons why accounting qualification may not be important.

Results from the Interviews

During the interview, the author asked about the background of the interviewees, including if they are accounting qualified and the size of their company. An overview of the interviewees can be seen below.

Table 3: List of interviewees

Interviewees' Details

No	Interviewee	Group	Remarks
1	CFO 1	Group 1 - Group CFOs	The interviewee is the Group CFO of a hospitality company listed on the mainboard of the Singapore Exchange with a market capitalisation of more than 8 billion SGD in 2019.
2	CFO 2	Group 1 - Group CFOs	The interviewee is the Group CFO of a bank listed on the mainboard of the Singapore Exchange with a market capitalisation of more than 35 billion SGD in 2019.
3	CFO 3	Group 1 - Group CFOs	The interviewee is the Group CFO of a bank listed on the mainboard of the Singapore Exchange with a market capitalisation of more than 32 billion SGD in 2019.
4	FD 1	Group 2 - Potential Future CFOs	The interviewee is the President and Global Head of Finance of a commodity company listed on the mainboard of the Singapore Exchange with a market capitalisation of more than 4 billion SGD in 2019.
5	FD 2	Group 2 - Potential Future CFOs	The interviewee is the Group Finance Director of a manufacturing company listed on the mainboard of the Singapore Exchange with a market capitalisation of more than 3 billion SGD in 2019.
6	FD 3	Group 2 - Potential Future CFOs	The interviewee is the Regional CFO of a lift trucks company listed on NYSE.
7	FD 4	Group 2 - Potential Future CFOs	The interviewee is the Finance Director of a multi-national hospitality company in Singapore headquartered in US.
8	FD 5	Group 2 - Potential Future CFOs	The interviewee is a former Finance Director of a multi-national communication device company in Singapore headquartered in US.
9	CEO 1	Group 3 - CEOs	The interviewee is the General Manager of a multi-national AI and Network company in Singapore headquartered in China.

Interviewees' Details

No	Interviewee	Group	Remarks
10	CEO 2	Group 3 - CEOs	The interviewee is the Managing Director and CEO of a small-medium enterprise dealing with sanitary equipment in Singapore
11	CEO 3	Group 3 - CEOs	The interviewee is the Managing Director and CEO of a small-medium enterprise dealing with home security equipment in Singapore
12	CEO 4	Group 3 - CEOs	The interviewee is the Managing Director and President of a few small-medium enterprises which one of them is dealing with supplement food products in Singapore
13	CEO 5	Group 3 - CEOs	The interviewee is the CEO and board director of a few companies in Singapore and a former minister of state for Singapore.
14	CEO 6	Group 3 - CEOs	The interviewee is the board director of a few companies in Singapore and a former managing director of a holding company owned by the Government of Singapore with net portfolio value of more than 300 billion SGD in 2019.
15	AB 1	Group 4 - accountancy body	The interviewee is the CEO of an accounting body in Singapore.
16	AB 2	Group 4 - accountancy body	The interviewee is the Singapore country head of an accounting body in UK.
17	AB 3	Group 4 - accountancy body	The interviewee is an elected council member of a Singapore accounting body and an adjunct professor at a Singapore university.
18	AB 4	Group 4 - accountancy body	The interviewee is an elected global council member of an accounting body in UK.
19	AF 1	Group 5 - accounting firm	The interviewee is a former Singapore deputy managing partner of a big-4 accounting firm.
20	AF 2	Group 5 - accounting firm	The interviewee is the managing partner of a top 10 accounting firm in Singapore.

In the analysis of the interviewees, the following received significant focus:

1. The background of the interviewees – this was assessed to see if there is a pattern.
2. The qualifications of the interviewees – these were assessed for any patterns.
3. Reasons for thinking a qualification is not important – for any interviewees who felt that qualification is not important, their reasons were analysed to find any patterns.
4. Company size – for the interviewees who are in the CEO group, their company size was analysed for any emergent patterns.

Responses sorted by Job Scope

From the interviews, out of the 20 respondents, 10 interviewees responded that an accounting qualification is important for CFOs, nine responded not important and one was neutral.

Figure 1 and Table 4 below show the results of all responses of interviewees. It is not easy to identify a pattern, the responses received appear to be equally split.

Figure 1 - Who thinks it is important?

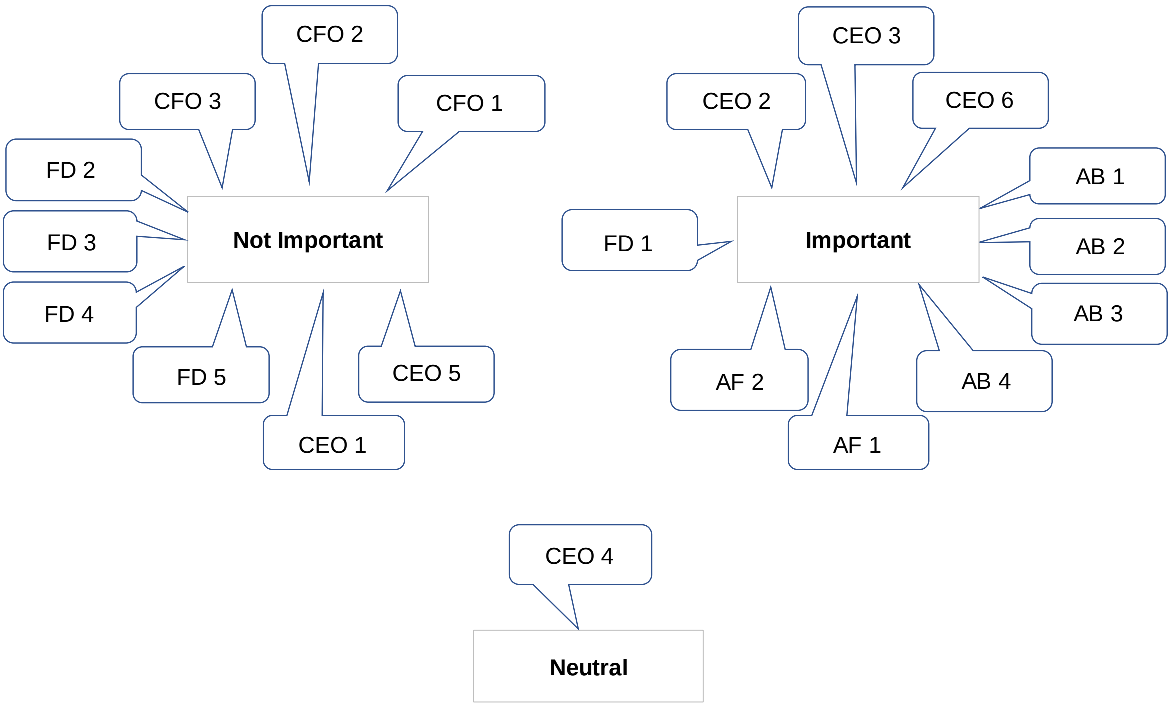

Table 4 - Responses by Group

Responses on Importance of Accounting Qualification

No	Interviewees	Group	Opinion on importance
1	CFO 1	Group 1 - Group CFOs	No
2	CFO 2	Group 1 - Group CFOs	No
3	CFO 3	Group 1 - Group CFOs	No
4	FD 1	Group 2 - Potential Future CFOs	Mixed
5	FD 2	Group 2 - Potential Future CFOs	No
6	FD 3	Group 2 - Potential Future CFOs	No
7	FD 4	Group 2 - Potential Future CFOs	No
8	FD 5	Group 2 - Potential Future CFOs	No
9	CEO 1	Group 3 - CEOs or Board Directors	No
10	CEO 2	Group 3 - CEOs or Board Directors	Yes
11	CEO 3	Group 3 - CEOs or Board Directors	Yes
12	CEO 4	Group 3 - CEOs or Board Directors	Neutral, but closer to No
13	CEO 5	Group 3 - CEOs or Board Directors	No
14	CEO 6	Group 3 - CEOs or Board Directors	Yes
15	AB 1	Group 4 - accountancy body	Yes
16	AB 2	Group 4 - accountancy body	Yes
17	AB 3	Group 4 - accountancy body	Yes
18	AB 4	Group 4 - accountancy body	Yes
19	AF 1	Group 5 - accounting firm	Yes
20	AF 2	Group 5 - accounting firm	Yes

Notes

**** FD 1 commented strengths of both yes and no, it is considered a mixed opinion

***** CEO4 has preference for both, although closer to No (Fit), adjusted to Neutral

When the responses were grouped by the interviewees' group, which are related to their role, as shown in Figure 2, it appears that there is a correlation between role and their responses.

Figure 2 – Which groups think it is important?

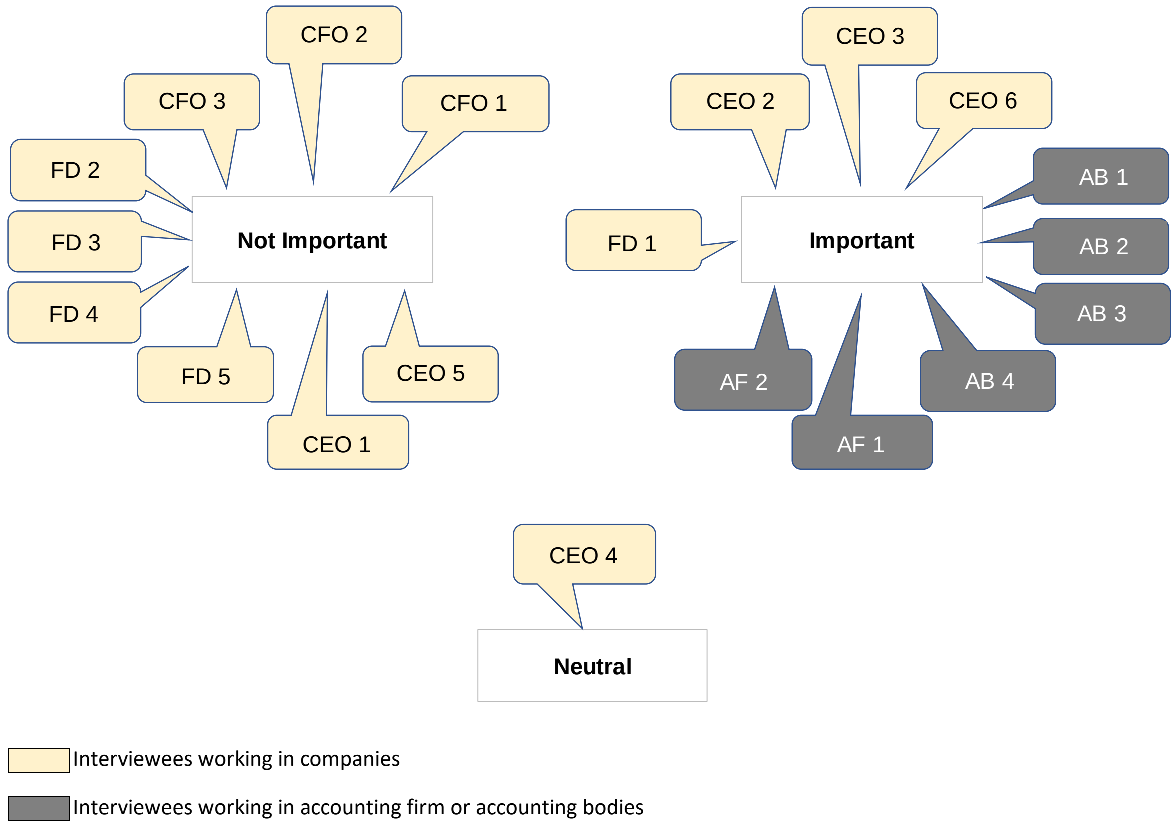

Table 4 and Figure 2 show that majority of the interviewees who are handling finance work in companies such as Group CFOs (3 out of 3) and Potential Future CFOs (4 out of 5) believe that CFO accounting qualifications are not important. Interviewees from supporting roles such as accounting bodies (4 out of 4) and accounting firms (2 out of 2) believe that CFO accounting qualifications are important. Then, interviewees who are in the CEO group are split (3 think it is important, 2 think it is not important and 1 neutral). Below is a summary of the responses from different groups:

Current CFOs. All three interviewees from the CFO group responded that an accounting qualification is not important to CFOs. This is surprising because the three group CFOs being interviewed were accounting-qualified themselves.

The Group CFO of a bank listed in Singapore stressed that CFO accounting knowledge is critical, but accounting qualification may not be, stating “overall, the accounting portion is important and relevant; however, the membership bodies are not yet relevant, and they need to modify. The membership is not important, but the knowledge is very important."

The Group CFO of another bank also listed in Singapore focused on the context of the company’s need. He went to the extent of explaining that in some banks, investment bankers may be more suitable than CFOs with accounting qualifications: "different strokes for different people. A bank's organisational performance measurement is basically stock price, although it is not perfect, a lot of them is related to return on equity, therefore investment bankers are very suited for the CFO role.” In October 2022, the author came across a news article mentioning another bank, which is ranked top 10 in the world, hiring an investment banker as its CFO. This further supports the response of this CFO.

Potential Future CFOs. Almost all future CFOs interviewed believe that possessing an accounting qualification is not an important criterion, the reasons given related mainly to CFOs' job scope being changed over the years. The discussions with this group of interviewees focused mainly on the different roles in the finance department, which is becoming more operational than transactional. For example, the finance director of a manufacturing company stated that there are different ways the finance department adds value to the company, from helping to grow the business to relationship management, which are not related to accounting qualification.

CEOs or Managing Directors. The opinions of this group is mixed, with half of CEOs and managing directors interviewed believing that an accounting qualification is important, but the other half thinking differently. As this study tried to prevent biases, the CEOs and managing directors selected were a mix of those accounting-qualified and non-accounting-qualified. This mixed result suggests that the bias is low. The interviewees who felt it is necessary discussed the positive image the qualification brings to the company. The interviewees who felt it is not necessary focus on business knowledge, experience, reputation, and the "chemistry" between the CEO and CFO as being more important than accounting qualification.

Council Members or Managers of Accounting Qualification Bodies. Except for one, all the interviewees in this group are accounting qualified. All strongly believe that accounting qualifications are important. This is perhaps unsurprising considering their positions in the accounting bodies. They had chosen to lead the accounting bodies and therefore must have valued the accounting qualifications highly.

It is interesting that not only the accounting qualification is important, but most also felt it is a basic criteria and discussed about continued membership, post-qualification education, networking within the qualification and advocacy of the qualification as being important to CFOs. Some stressed the importance of CFOs having more than one accounting qualification from reputable accounting bodies.

This was evident in the comments of the Country Head of an accounting body, who stressed the importance of differentiating CFOs with mere accounting qualifications and CFOs who advocate for the accounting qualification. This participant stated:

> accounting qualification is not enough, it is about other elements like ethics, how current is the knowledge and technical competencies; the best CFOs are the ones who advocate, for example those who teach and share in public. These are generally the CFOs who are more likely to be successful.

The CEO of another accounting body emphasised this point from another angle, pointing out that not only is it an accounting qualification that is important, but the government should enforce it to public listed companies, even if the CFO cannot be accounting-qualified, another senior finance leader should be. This particular CEO stated that “not regulating the accountants can lead to a negative perception of the accountancy profession and will undermine public confidence and trust in our regulatory system”.

Partners of Accounting Firms. This group, being qualified practicing accountants themselves and hiring many other qualified accountants, has a strong justification for believing that an accounting qualification is an important selection criterion. This study understands this potential bias and therefore selected interviewees who are more senior and who also hold roles outside the accounting firms. The result of the interview discussions clearly sided with an accounting qualification as being important.

For example, a former Deputy Managing Partner of a “big-four” accounting firm commented that it is essential that CFOs have an accounting qualification. This is because the company requires a CFO to verify the financial statements, which is something a non-accounting-qualified CFO will have difficulty doing. He stated that:

> at the end of the day, what does the CFO got to sign off? In listed companies, the CFO has to sign on the announcement together with the CEO…. to say the accounts are true and correct, for somebody who are not accounting qualified and doesn't have sufficient knowledge about financial statements… I hope they know what they are signing off.

Discussion

Overall, this study found that there is a distinct difference in opinion between the groups. The majority of the interviewees in groups (a), (b) and (c) are of the opinion that it is not necessary for company CFOs to be accounting qualified while groups (d) and (e) believe that it is. This is interesting because groups (a), (b) and (c) work in companies, whereas groups (d) and (e) work closely with the institutions providing the qualification. The contrast in opinions led to a more in-depth discussion with the interviewees on the reasons for the accounting qualification to be or not to be important to CFOs.

Responses Sorted by Accounting Qualification

While 10 out of 20 respondents felt that an accounting qualification is important for CFOs, nine felt it is not important and one was neutral. The study attempted to ascertain whether their responses were influenced by their accounting qualification.

When the responses were sorted by the interviewees' qualification (Table 5), it is interesting to also note that many of the accounting-qualified interviewees did not believe that it was important.

Table 5 - Responses by accounting qualification

Interviewees' accounting qualification vs opinion on importance

Interviewees	Accounting Qualified	Opinion on importance
CFO 1	Yes	No
CFO 2	Yes	No
CFO 3	Yes	No
FD 4	Yes	No
FD 5	Yes	No
CEO 5	Yes	No
CEO 6	Yes	Yes
AB 3	Yes	Yes
AB 4	Yes	Yes
AF 1	Yes	Yes
AF 2	Yes	Yes
FD 1	Yes	Mixed****
CEO 2	No	Yes
CEO 3	No	Yes
AB 1	No	Yes
AB 2	No	Yes
FD 2	No	No
FD 3	No	No
CEO 1	No	No
CEO 4	No	Neutral*****

**** FD 1 commented strengths of both yes and no, it is considered a mixed opinion

***** CEO4 has preference for both, although closer to No (Fit), adjusted to Neutral

The responses showed that there were 11 out of 20 interviewees who were accounting qualified. Further results showed that:

- 6 out of 11 interviewees who are accounting-qualified responded that an accounting qualification is not important.
- 3 out of 3 in the “Current CFO” group are accounting-qualified, but they mentioned that the qualification is not important to CFOs.

This suggests that the responses were not influenced by their accounting qualification.

Responses from the CEO Group Sorted by Company Size

This study compared the responses from the CEO group to analyse the company size of the CEOs who responded fit and those responded signal. When the interview first started there were a total of six interviewees for this group, however, one of the interviewees, CEO F, was a council member of the Institution of Singapore Chartered Accountants, that interview was therefore removed from this table and the groups is left with five interviewees.

After the above adjustment, the group's opinion is mixed (two believe in Signal, two in Fit and one neutral). See Table 6 for details.

Table 6 - Responses on company size

Table on company size - responses from CEO

		Details of CEO		Opinion of CEO		
No	**Company Size ***	**CEO**	**Accounting Qualified**	**Opinion on importance**	**Representative Quotes**	**Adjustment**
1	SME	CEO 2	No	Yes	"certified accountant, likely to be more prudent, not so risk appetite, low risk.... but when we grow the business for construction projects we can sometimes over invest in certain things, on the safe side, I would need someone with the CPA because they can advise me with second opinions, sometimes it's good (to have CFO with accounting qualification)"	NA
2	SME	CEO 3	No	Yes	"others know that you have a qualified chief financial officer in the office, there are more confidence "	NA
3	SME	CEO 4	No	Neutral, closer to No***	"I think if the CFO (without accounting qualification) does not compromise reporting accuracy, governance and compliance, it is not important to be qualified; otherwise, it may be good to have."	Yes
4	Large	CEO 1	No	No	"I think as the time evolved in the current New Age and the modern economy… CFO...not necessarily must be a trained Chartered Accountant.	NA
5	Large	CEO 5 **	Yes	No	"it's not critical … the experience is more important … I look at the qualification as a justification and endorsement but … with the changes in the business world now, I'm not too sure if the qualification itself is updated …"	NA

* Measurement of company size is based on OECD's guidelines: large enterprises employ 250 or more people, SME employ less than 250 people.
** CEO 5 was elected as the president of ISCA a few months after the interview. As comments were given before his election, his opinion is kept.
*** CEO4 has preference for both, although closer to No (Fit), adjusted to Neutral

When the interviewees were further split by their company size, it was found that there is a significant difference in their opinion. The CEOs from larger companies believe that fit is more important, and the majority of the CEOs from smaller companies believe that signal effect is more important. This contrast of opinion leads to the conclusion that larger companies focus more on fit than smaller companies.

Responses on the Relevance of Accounting Qualification to CFOs

Many interviewees responded that in recent years, the role of CFO has gone beyond the traditional accounting qualification. This is for both interviewees who answered “Yes” and “No”. Almost all interviewees who commented on the relevance of CFOs’ accounting qualification agreed that CFOs’ roles had evolved beyond the focus of traditional accounting qualification. Even interviewees from the accounting bodies acknowledged it but shared that changes are coming. Table 7 shows the representative quotations by interviewees.

Table 7 - Responses on relevance of accounting qualification

Representative quotations on Relevance of accounting qualification

		Interviewees' Opinions		Interviewees' Details		
No	**Opinion on importance**	**Representative Quotes**	**Interpretation**	**Interviewee Group**	**Accounting Qualified**	**Company Size ***
1	No	"For financial reporting, it is mainly historical records... however CFO's roles are much more than financial reporting….mainly business partnering with the CEO"	The roles of CFOs have evolved beyond the focus of traditional accounting qualifications.	CFO 1	Yes	Large
2	No	"I told the organization, the next person to take over me, may need to have IT knowledge."	CFO are increasing involved in IT and project management, which are beyond the focus of accounting qualification.	CFO 2	Yes	Large
3	No	"The expectation of a CFO evolved to make sure that you support the company and business growth, so there are two areas that people look at. One is looking at opportunities to help the company to be better outside; you can tell by M&A opportunities, you could be talking about funding, etc., and the second part was coming out of the crisis, the CFO becomes a very important middleman, to connect the organisation to make sure that everybody collaborates and work towards a common goal.	CFO is increasingly expected to manage business growth, including M&A and funding, which are beyond the focus of accounting qualification.	CFO 3	Yes	Large
4	No	"The most important things for the company and industries are not really related to the qualification."	The roles of CFOs have evolved beyond the focus of traditional accounting qualifications.	FD 2	No	Large
5	No	"I think as the time evolved in the current New Age and the modern economy, the role of a CFO... is this new display of multi-phase... e.g. business knowledge, law, technology"	The roles of CFOs have evolved beyond the focus of traditional accounting qualifications.	CEO 1	No	Large

6	No	"The experience is more important for myself is I look at the qualification as a justification endorsement. But to be very honest with changes in the business world now. I'm not too sure if the qualification itself is updated. So now, the value will be less."	The value of accounting qualification has reduced over time for CFO	CEO 5	Yes	Large
7	Yes	"On the wordings, the accounting qualification may need to be re-worded to be finance qualification, The content of the accounting qualification institution may not have prepared the students to be fully qualified to be CFO. The point is the current accounting definition is very narrow, the certification body may need to rethink."	While CFOs still need the qualification, the accounting qualification needs to be updated, in terms of scope and definition.	CEO 6	Yes	Large
8	Yes	"syllabus needs to be reviewed from time to time, whether it's every three years or every five years... (however it is) tough to (always add) current circumstances as to whether you input a business acumen or input a cybersecurity or ecosystem"	While the accounting qualification needs to be reviewed regularly, it is not easy to promptly include new elements for CFOs	AF 1	Yes	Large
9	Yes	"Syllabus provider, e.g. ACCA already moving towards helping professionals to train for critical thinking, business acumen and strategic business leader skills.... In today's fast paced world the ability to respond to changing circumstances is probably more important right now ... we need to be agile, adaptable, and so on ... when look at the syllabus of the Singapore CA programme, it's very much focus on audit (and) tax accounting ... programme needs to be tweaked. So that it gives ... CFOs a good chance to be (strong) CFOs"	Accounting qualification's syllabus providers saw the need and started to respond and shift, so that it can remain relevant to CFOs.	AF 2	Yes	Large

* Measurement of company size is based on OECD's guidelines: large enterprises employ 250 or more people, SME employ less than 250 people.

The interviewees quoted trends in finance functions which disrupts the CFOs' scope in traditional finance and accounting areas such as finance automation, insourcing and outsourcing. Overall, the interviewees felt that there is a larger need for non-traditional accounting work such as partnering, funding etc., but the skills required to carry them out are not typically in the syllabus of an accounting qualification. Although a few accounting qualifications have started to include new syllabi in their courses, they have not yet been fully implemented. Overall, many of the interviewees reported the diminishing relevance of accounting qualification to CFOs.

Responses on the Relevance of Accounting Qualification to Second-Level Finance Leaders

It was noted in many interviewees' responses that while the CFOs do not need to be qualified, their subordinates do. The CFOs' subordinates mentioned in their responses include the person handling accounting and reporting. In some companies, the title of this person can be Chief Accounting Officer, or vice-president of finance.

Table 8 shows representative quotes on this area.

Table 8 - Responses on the relevance of qualification to CFOs' subordinates

Interviewees' Details				Interviewees' Opinions	
No	**Interviewees**	**Accounting Qualified**	**Company Size ***	**Representative Quotes**	**Interpretation**
1	CFO 1	Yes	Large	"It is important but not a must, as long we have a strong second direct report. I have a VP Finance who handles all accounting matters." "CFO's job is mainly business partnering with the CEO, a lot of accounting knowledge can be delegated to staffs."	While CFOs don't need to be accounting qualified, VP finance who handle accounting need
2	CFO 2	Yes	Large	"Different strokes for different people…. investment bankers are very suited for CFO role (in banks), his direct reports can handle the accounting and reporting parts, (therefore need accounting qualification).	In banks, investing experts can be CFOs and not accounting qualified, but direct reports who handle accounting and reporting need to be qualified
3	CFO 3	Yes	Large	My direct reports, sub unit CFOs, if they don't have accounting qualification UOB will train them.	The junior CFOs need to be accounting qualified
4	FD 5	Yes	Large	"In companies like Motorola Inc the Chief Accounting Officer (CAO) manages all accounting matters. The CFOs doesn't need to be a certified accountant."	CAO needs to be accounting qualified
5	AB 1	No	No	"the listed entities should employed qualified accountants … this will help ensure that the entire financial reporting value chain is subjected to proper and adequate quality control and with an ever changing and increasingly complex business environment it is essential and timely for Singapore to consider introducing protection and regulation of accountants."	If the CFO is not accounting qualified, the persons handling financial reporting need to be accounting qualified
6	AF 2	Yes	Large	"So the same thing here in the finance team, if the CFO is not a qualified individual, there must be adequate compensating resources so as to make up for that shortfall, right?" "Because today's financial reporting is important because if you don't report accurately, you guys can make the best decision and prepares for making those decisions but if you don't report it correctly to the standards, then I think all your critical thinking skills will be wasted at the end of day, right?"	If the CFO is not accounting-qualified, the finance team members handling financial reporting need to be

* Measurement of company size is based on OECD's guidelines: large enterprises employ 250 or more people, SME employ less than 250 people.

The main reasons for these views are that as the job scopes of the CFO has evolved to beyond accounting and reporting, it is critical that the CFO focuses on the areas mentioned in the previous pages. The more traditional work that are related to accounting and reporting should be managed by the CFOs' subordinates, these subordinates should be accounting qualified.

Therefore, instead of the CFOs needing to be accounting qualified, these subordinates should be accounting qualified. Some interviewees pointed out that there is currently no regulation in Singapore which requires the CFO nor subordinates to be accounting-qualified.

Discussion

Why is Accounting Qualification Important to CFOs?

Based on the responses received, there were two main reasons why an accounting qualification is important, and this is aligned with the Signalling effect.

Perceived Attributes Associated with an Accounting Qualification

Many interviewees emphasised that besides the accounting knowledge and skills obtained through the accounting qualification, the main reason why it is important is the inherent qualities assumed to be present in CFOs who possess the qualification. These attributes are believed to be a result of the rigorous training required to pass an accounting qualification. Many interviewees cited this point as the primary reason why they think CFOs should be accounting qualified.

A former managing director of a state holding company explained that “people who chose to go through such long and tedious accounting training path are likely to be meticulous and have attention-to-details, analytical etc., I want those people to be my CFOs.” While the interviewees understand that this is an assumption and there is no guarantee that the accounting-qualified CFOs would have those attributes, the assumption appears to be prevalent.

Another managing director mentioned, “risk-averse CFOs are perceived to do well during an economic downturn but may be too careful during growth periods, as board members, we want to have a balance.” This suggests that the assumption is prevalent in the managing director’s view. The hirers of CFOs assume a CFO with an accounting qualification to have certain inherent attributes; they may consider an accounting qualified CFO when the company needs to carry out actions during an economic situation and believes that the attributes will better carry them out. On the other hand, the hirers may consider non-accounting qualified CFOs during a different economic situation. Expanding on this, the hirer may consider accounting qualified CFO if they want to balance a over-optimistic CEO and do the reverse if they do not want to. The reverse may also happen when the situation appears to be optimistic and the hirer may want to avoid an accounting qualified CFO.

Overall, it appears that the accounting qualification of a CFO sends a signal that the holder has certain attributes, like prudence, attention to detail, conscientiousness, sensitivity to legal and regulatory compliances, and professionalism.

Confidence for Users of Financial Statements and Market

A large percentage of interviewees believe that the financial information provided by the company is more credible and trustable to the public if the CFO is accounting qualified. When asked whether there is a direct co-relation, most explained that the accounting-qualified CFO helps to improve the company's image. A Managing Partner of accounting firm stressed that:

> if the CFO is not a qualified individual, there must be adequate compensating resources to make up for that shortfall, right? Because today's financial reporting is important because if you don't report accurately, you guys can make the best decision, (but without the accounting-qualified CFO the company may not do well).

Further, the Deputy Managing Partner of a big-4 accounting firm emphasised that "at the end of the day what does the CFO got to sign off", he reinforced that it is important for the CFO to be accounting qualified in order to understand the financial statement and sign off.

While companies with accounting-qualified CFOs do not automatically have better financial statements and reports, the image is believed to be vastly improved.

Overall, most interviewees agreed that companies with accounting qualified CFOs signal stronger financial strength of their companies, and this is true even for group 2, who generally believe that CFOs do not need such qualification.

Signalling Theory

Looking at the above two reasons given by interviewees for why accounting qualification is important, it is possible to relate them to the signalling effect.

The representative discussion of the concept of signalling in the job market was conducted (Spence, 1973) many decades ago, but it is still relevant to the topic of this study. It refers to the concept that people or organisations use cues or signals to convey information about themselves to others in a social or economic context.

In the job market, it refers to the concept that employees, like CFOs, can signal their abilities to potential employers through investments in education such as an accounting qualification. Spence found that employees use these investments to distinguish themselves from others with lower abilities, and that employers use these qualifications and other signals as a way of deciding who to hire.

Based on signalling theory, job applicants, including CFO candidates, may engage in behaviours that reduce the information asymmetry of prospective employers (Spence, 1973) by sending signals of their competence and attitude through accounting qualifications. These may relate to attention to detail, prudency and conscientiousness. These behaviours differentiate them from other candidates who do not possess accounting qualifications. These scenarios also occur in many other professions and situations. Therefore, it is more likely for companies to hire CFOs with accounting qualifications.

The theory is also used in many other situations and context (Bird & Smith, 2005). For example, symbolic capital can be obtained through signalling, and can have a significant impact on a group's social status and success.

While signalling theory is being used by CFO candidates, it can also be used by companies. Companies regularly signal the unobservable strength of their firms via the observable strength of their financial statements to stakeholders (Zhang & Wiersema, 2009). In that regard, companies would also want to hire CFOs with accounting qualifications to signal their accounting qualities to stakeholders.

Why is Accounting Qualification not Important to CFOs?

Many interviewees who answered that accounting qualification is not important shared their reasons, and these responses can be generally grouped into five areas.

More Important Elements to Meet Company Needs

Interviewees highlighted the trend of CFOs handling more non-accounting work and therefore there are other important elements. Elements given included business acumen, market and industry knowledge, industrial networking, and communication skills.

The global head of finance of a commodity company mentioned that the CFOs should always “make a judgement that comes not from an academy qualification, but from experience, to fulfil the role of CFO... the world keeps proving to us that it is not the qualification that matters.” In addition, the group CFO of a bank mentioned that a "CFO should be the best person for the job instead of accounting qualification, for example when I took over, there were M&As, transformation and change management needs, these are non-accounting roles." This CFO further explained that the needs of companies changes every few years and he stressed the importance of companies having CFOs with skills and experience to match the needs during that time. It is interesting to note that the CFO who mentioned these is qualified in accounting.

Many interviewees explained that there is an increasing trend for CFOs to partner with the CEOs to “grow the business”. Even though the interviewees understand the image that an accounting qualification can bring, they believe the experience and skills to match the companies’ needs are more important.

Centralised Accounting Functions

Interviewees highlighted the trend of companies having a centralised department to handle accounting and transactional processing work. In some cases, the centralised team is outsourced to vendors. The centralised department or vendor follows predetermined procedures to make decisions on accounting and reporting and does not typically report directly to the CFOs but report to second-level finance leaders. This allows the CFOs to manage areas outside accounting. While the accounting and reporting work is still important, they are not the main roles of the CFO in this case.

One former finance director of a global communication company mentioned that “in my company, the centre of excellence manages all accounting and reporting matters, the CFO doesn’t even need to know them.” In addition, the general manager of Asia Pacific of a technology company mentioned:

the increasing trend of automation in finance departments, through Robotic Processing Automation, Machine Learning and Artificial intelligence capability embedded in the companies’ Enterprise Resource Planning systems, means the CFOs do not have to handle accounting matters and thus free themselves to focus on the business.

This shows that not only is there lesser need for CFOs to handle accounting and reporting work, but there is also a trend towards lesser need to make decisions in the accounting and reporting area.

Team Support

Many interviewees also highlighted a trend where CFOs increasingly rely on their team to manage accounting and compliance work. Some companies even have positions of Chief Accounting Officers (CAO), who usually report to the CFOs, to manage such work. In relation to this, the managing partner of an accounting firm mentioned “in a bigger company, there is usually a team of people who are qualified in accounting …, this will be adequate." As long as these second-level leaders are accounting qualified and put in charge of accounting and reporting work in the company, the CFOs do not need to be accounting qualified.

The group CFO of a company in Singapore highlighted that "a strong second level finance leader is important; I have a VP of Finance who is qualified and handles all accounting matters." The interviewee also pointed out that the recent trend of companies going for finance automation accelerated the trend of second-level finance leaders handling accounting work.

Relevance of Accounting Qualification to CFO

Another view is that the accounting qualification has lesser relevance in today's business needs. A finance director shared that traditionally, many accountancy qualifications focused on preparing students and assessing potential members for reporting and interpreting historical information. However, the expectations of companies on CFOs are changing and are now focusing on future growth. He stated that “elements like number of user-base for platform start-ups, are not quantifiable and therefore are not recorded as assets in the balance sheet, however these are important in the new economy.” CEOs need forward-looking CFOs as business partners.

Other examples of forward-looking information, like providing estimates, predictions, market trends, and market shares, are not in the traditional accounting scope and therefore not in the traditional training of accountants but are increasingly needed for decision making especially in recent years. A finance director commented that “some companies feel that CFOs with accounting qualifications may not be best suited to provide forward-looking information.”

The group CFO of a bank commented that forward-looking ability might be more important if the CFO of the sub-unit has this competence but lacks the accountancy competence. The knowledge may come from other sources, other than an accounting qualification, for example from the company’s training. This interviewee indicated that “I have an internal program in (my company) to build competence, which includes accounting. My team who wants to be my direct report (sub-unit CFO), if they don't have accounting qualifications, (my company) will train them."

Interviewees from the accounting bodies, which have an influence on the quality of accounting qualifications, agreed that the accounting qualification needs to be adapted constantly or it may become out-dated and irrelevant. This was highlighted by one managing director and board director who mentioned "I look at the qualification as a justification and endorsement but with the changes in the business world now, I'm not too sure if the qualification itself is updated."

In recent years, some accountancy bodies have come to realise this trend and are making changes to their academic program. For example, ACCA made changes to its program in 2019 to include the subject “Strategic Business Leader” (see Appendix 2.1); CAANZ has plans in 2022 to change its program and includes the “Business Acumen” subject. It had already included an elective subject, “Data Analytics and Insights” (see Appendix 2.2). In addition, ISCA is still making changes to its program. In 2019, it required potential members to do a written “Integrative Business Solutions” subject (see Appendix 2.3). The subject focuses on identify business issues and opportunities, and develop solutions, which many of the issues and opportunities are not accounting related. According to the council members of ISCA, there have been many discussions to include new subjects and it is likely to happen in the near future.

The Different Status of Qualifications

The different types of accounting qualifications also affect their relevancy to CFOs. First, there are different accounting bodies from different countries or institutions and some countries and bodies are stricter in their assessment for qualification. Second, within the same accounting qualification, there are different membership statuses such as:

- Members who passed the requirements
- Members who passed the requirements and continued the membership through meeting payments and education requirements
- Members who passed the requirements and continued the membership and made use of the accounting bodies to get updates and network with peers.

The country head of an accounting qualification strongly felt that:

> the association is important, for example, (for) the peer pressures, the ethics, the compliance and the regulations ...Different countries have different cultures, and a strong CA in Singapore may be different from CA (another country).

This has a few implications. Firstly, the differences in accounting qualifications mean that while CFOs generally need to possess this qualification, they must actually possess the right one. Secondly, if this is true, the actual percentage of accounting-qualified CFOs in top companies may be even lower because this study prudently took all accounting qualifications as being equal.

Therefore, while the comment from accounting bodies supports CFOs having accounting qualifications, it also shows that the differences between accounting qualifications further widen the gap.

Summary

In summary, the responses from the second group, which held the opinion that an accounting qualification is not important, revealed many reasons for supporting their opinion but they can be broadly summarised into one main reason, which is the fit of the CFO to the company and the role.

Person-Job Fit Theory

The interview findings showed that job fit, determined by specific experience, knowledge, and skills, is more important than the Signal effect from an accounting qualification. In order to relate to the interviewees' responses, this study explores person-job fit (PJ-Fit) as the key underlying theory. This verifies research question (b), which relates to fit being the reason why the signal is not prevalent.

The representative discussion of the concept of PJ-Fit began in earnest some time ago in the 1960s. It refers to individuals with certain personality traits that are more suitable for certain types of work environments. Since then, the understanding of matching person and job has been expanded and finetuned. Models like the Holland Codes or the Holland Occupational Themes (Holland, 1997) discuss the importance of personalities to career choices.

PJ-Fit argues that the compatibility between an individual's personality and the demands of their job has a very strong impact on job satisfaction and performance results (Edwards, 1991). Furthermore, it highlights the necessity of focusing on the fit between individual personalities and job requirements to achieve both satisfaction and performance.

PJ-Fit is not just a form of advice to companies to focus more on the person's characteristics and personalities; rather, it is shown in meta analysis (Kristof-Brown et al., 2005) that PJ-Fit and even environmental-fit or supervisor-fit are strong predictors of performance results. Ge et al. (2011) also found strong relationship between CFO's style and performance results.

Based on the responses from the interviews, PJ-Fit is more important than signaling effect.

When is an Accounting Qualification not Important to CFOs?

Based on the interviewee responses, the study found that the majority of interviewees working in the accounting qualification industry or in firms supporting the industry believe that an accounting qualification is important to CFOs. The reasons can be generally classified as signalling effect (Spence, 1973). The interviewees believe that the effects continue to be important to both the companies and the CFOs.

On the other hand, the majority of interviewees working in companies believe that an accounting qualification is not important to CFOs. The reasons can be generally classified as when PJ-Fit (Edwards, 1991 is more important than the signalling effect.

General Decline in Relevance

Many interviewees shared that the reason why PJ-Fit is more important than the signalling effect of accounting qualification can be attributed to the declining relevance of accounting qualification to CFOs.

The role of the CFO has gone beyond the traditional accounting qualification; however, accounting qualifications need time to develop their syllabi to meet market requirements and expectations. For some companies, funding and stakeholder management may be the main job of; however, most accounting qualifications have less or no syllabus on these areas.

The study tries to find papers explaining the declining relevance of accounting to CFOs; interestingly, the belief that CFOs need to go beyond accounting took hold some decades ago. Walther and Johansson (1998) suggested that the new generations of CFOs need strong operational capabilities, business acumen, organisational leadership, and the ability to partner and communicate well with the CEOs, these capabilities are not accounting focused. Favaro (2001) and Fuessler (2014) shared that companies are likely to experience greater success if CFOs focus on strategy, growth and non-financial information. These papers discussed about CFOs needing to have more than accounting qualifications but did not report about or mention accounting qualifications as not needed for CFOs.

This study also looks at practitioners' reports and found that they had reported the trend of accounting work becoming less important for CFOs. ACCA / IMA (2020) mentioned in its "The CFO of the Future" report that CFOs will likely not do a great deal of accounting and therefore has a lower need for an accounting qualification. The report proposed six hypotheses for the future, but none discussed CFOs' focus on accounting nor the need for an accounting qualification. Consistent comments were also in their (2013) "Future Pathways to Finance Leadership" report, ACCA (2020)'s "Future Ready: Accountancy Careers in the 2020s" report and IFAC (2013)'s "The Role and Expectations of a CFO: A Global Debate on Preparing Accountants for Finance Leadership" reports.

These practitioners' reports stated the trend of CFOs' job scope is towards a lesser focus on accounting work, and consequently, an accounting qualification is not necessary for CFOs. Some reports wrote about the non-accounting areas CFOs should focus on such as business acumen, strategy designing, performance measurement and stakeholder management. Nevertheless, these reports imply that CFOs should continue to have accounting qualifications but need other non-accounting capabilities or qualifications.

Company Size

When the interviewees were asked specifically about when PJ-Fit is more important, most interviewees shared when the company size is large. When the company is larger, the signalling effect of an accounting qualification is less important than the PJ-Fit for its CFO. Based on the analysis of responses, the larger the company, the stronger the focus on PJ-Fit in comparison to signalling and therefore the lower the importance of accounting qualification to CFOs. This could be due to a few reasons. For example, large companies are more likely to have second-level finance employees who are accounting qualified, therefore allowing the CFOs to focus less on accounting. As one of the interviewees (CFO 2) commented “when size is a constrain and the function is small… the CFO… need to be an accountant… the person may be called CFO, but the job description may be totally different.”; when the company size is large, the CFO should focus on more than accounting. This is in line with Groysberg et al. (2011) in their discussion of “The new path to the C-suite”, which stressed the importance of CFOs handling non-accounting work, stating "most large companies have a Head of Accounting team up with the CFO, who in turn plays a much more strategic role". (p.60-68).

In addition to the above reason, this study attempted to also explore organisational legitimacy theory.

Organisational Legitimacy Theory

The concept of legitimacy started many decades ago in the fields of sociology, political science, and management, even in Max Weber's theory of legitimate authority. Within organisations, the concept of legitimacy has become increasingly relevant as they face growing pressure to demonstrate their responsibility, transparency, and accountability. Organisations seek legitimacy, and the degree of legitimacy depends on two dimensions (Suchman, 1995) – strategic and institutional. Strategic legitimacy refers to the use of tactics and actions by organisations to achieve legitimacy in the eyes of stakeholders. Institutional legitimacy refers to the establishment of long-term, enduring legitimacy through compliance with established norms, values, and beliefs in the broader social and political context. Organisations should pursue both strategic and institutional legitimacy, as they are not mutually exclusive, and both contribute to an organisation's overall legitimacy (Suchman, 1995).

Legitimacy building is important for companies, as it affects their ability to obtain the resources and support needed for long-term success. There are three stages of legitimacy building (Suchman, 1995): cognitive, normative, and regulative. Each stage represents a different level of legitimacy, from the perception of legitimacy in the mind of stakeholders to the establishment of norms and expectations to the creation of formal rules and regulations.

CFO's Qualification in the Context of Legitimacy

In the context of CFOs, the decision to hire what type of CFO would be part of the legitimacy-building process. The company would be considering the expectations and norms of the wider financial community, including regulatory bodies and stakeholders for its industry and stage. If there is the need, it would need to hire a CFO who is seen as matching those expectations and norms. The choice of CFO would have an impact on the organisation's reputation and legitimacy in the eyes of stakeholders.

For example, during the normative stage in Suchman's legitimacy-building model, companies can demonstrate their commitment to formalised and professional operations by hiring a CFO with an accounting qualification who has undergone thorough training in that area. During the repair stage, a company may signal an improvement in its ethical standards by hiring an accounting-qualified CFO who has been certified by accounting bodies to adhere to ethical practices.

However, the counter-argument is that when a company has already established itself as a reputable and trustworthy organisation, the perception of the company by stakeholders is not greatly influenced by the qualifications of its CFO. Instead, the focus is on the overall performance and reputation of the company.

In addition, if the company is already legitimate in the eyes of the stakeholders and wider community, the focus on the CFO can shift from financial reporting and compliance to other areas, such as strategy and business development, to accelerate the company's growth. Accounting qualifications may not be as relevant or important for other skills and experiences, such as business partnering experience, strategic thinking, leadership, networking resources and industry knowledge.

Having a CFO with accounting qualifications does not guarantee that the CFO will have the capability, personality and characteristics to perform according to the required expectations. It also does not guarantee that the company will perform well in financial reporting and compliance. For companies with strong organisational legitimacy, the focus is on the overall performance and reputation of the company rather than the qualifications of individual executives. In these cases, an accounting-qualified CFO may not be a necessary requirement for success.

Returning to the results of the manual background check, where it was shown that 40-45% of CFOs in the top 20 listed Singapore companies are not accounting qualified, this aligned well with the discussion above as accounting-qualified CFOs may not be necessary for large companies.

Relevance to CFOs' Subordinates

While many interviewees reported a general decline in the relevance of an accounting qualification to CFOs, this study found most of them continue to believe that the subordinates of CFOs need to be accounting qualified. This is in line with the discussion that companies, especially those that are well-resourced, are inclined to invest in the candidates for their top positions. This investment will include understanding the candidates’ characteristics and personalities, and in addition, other resources like skills, networking resources and experience, for matching with the companies’ culture and job demand so as to identify the PJ-Fit suitability. These companies go beyond signalling considerations and prioritise PJ Fit when making staffing decisions. This study is limited by time to find relevant theories and past research to support this view. It is proposed that this view be further explored in future research.

Summary

The analysis shows that large company has lesser need for accounting-qualified CFO. First, the signal effect of accounting qualification is useful when there is less information but large companies may have sufficient resources to get information about the fit of their CFOs and therefore may not rely on the signal.

Second, large companies may already be legitimate in the eyes of stakeholders and therefore may not need to signal to the community through its accounting qualified CFO. On the other hand, smaller companies may still find the signaling effect crucial for establishing their legitimacy. For instance, a newly established company may need to signal strong financial governance by hiring an experienced CFO with an accounting qualification to attract investment. As companies that are already considered legitimate do not require a signal on their legitimacy, they may instead focus on finding a CFO with the specific skills and knowledge that align with the company's requirements.

Third, large companies may have sufficient second level finance leaders who are accounting qualified and therefore the CFO may not need to be.

Limitations

Before coming to a conclusion, it is important to state the limitation of this study, which are mainly in terms of its geographical and sample size scope.

First, it specifically focused on the top 20 listed companies in Singapore and its data was only based within Singapore. However, it is believed that analysing this Singaporean data still provides a meaningful starting point due to Singapore's relatively well-developed capital market and mature accounting industry.

Second, the sample size of the manual background check is 20 companies instead of all available Singapore-listed companies. Nonetheless, the results were consistent with secondary verification. As the differences in results of two analyses conducted during two different points in time were small, it is still a meaningful analysis.

Additionally, it should be acknowledged that there are differences in accounting qualifications as accounting bodies are constantly updating their syllabus and the market demands different skills. Many of the current CFOs who hold an accounting qualification may have obtained it approximately 20 years ago and subsequently may have different skill sets compared to those who have been trained under the newer syllabi. Due to resource limitations, this study assumes that all qualifications are equal. Finally, it is important to emphasise that the study does not assert that non-accounting qualified CFOs are not well-suited for the role. Many of these CFOs are highly experienced, possess specific skills or have other qualifications, such as being a Chartered Financial Analyst or a Master in Business Administration. This study only focuses on whether CFOs hold an accounting qualification and does not aim to evaluate the performance of these CFOs.

Future Research Opportunities

A key opportunity for future research would be to expand the research to include more years. This could verify the second situation where fit is more important than signal. In this study, it was found that, in recent years, companies have tended to focus less on the signalling effect because of the recent trend of finance automation, in-sourcing and outsourcing, which allows CFOs to focus on other non-accounting work such as funding, business partnering and growth. Therefore, the relevance of accounting qualification on CFOs has dropped. The research can only analyse CFOs' qualifications in current years against previous years.

Furthermore, expanding the research to finance leaders reporting to CFOs or more junior positions would be beneficial as this could verify the third situation where fit is more important than signal and whether this is legitimate. This study found that companies are willing to invest in higher level roles (CFO), more resources can be invested to find fit and therefore focus less on signalling effect, or lower roles may need to be rotated in different finance roles and therefore requires accounting qualification.

It could also be helpful to expand the research to small companies to verify the reasons that larger companies focus less on the signalling effect. This could verify whether larger companies already have more qualified accountants and, therefore, do not need CFOs to focus on accounting, and whether larger companies have more resources to invest in finding PJ-Fit of CFOs or are already legitimate and therefore do not need to rely on signalling.

The research could also be expanded to other countries. During the interview with the accounting bodies, there were differences in the accounting qualification and the title of "Accountant". The CEO of Singapore's accounting body commented that on LinkedIn, there are more than 80,000 people in Singapore who stated that they are accountants.

However, the number of registered accountants in the institute plus all other associations is much lower. In other countries like Malaysia, the use of accountant titles is regulated. It would be interesting to understand the difference between companies in countries where the accountant title is being regulated and countries without.

Companies with digitalised and outsourced processes and those without could also be compared. During the interviews, finance automation and its outsourcing level of the finance function were one of the deciding factors for the CFO's accounting qualification. It may be interesting to analyse the finance function's process automation level and outsourcing level with the company's need for accounting-qualified CFOs.

It could also be interesting and of value to compare the difference in job scope of CFOs with accounting qualifications and CFOs without, with a particular focus on analysing the spectrum of accounting works CFOs with accounting qualifications are handling and compare them with those without, and the job scope of the CFOs with the presence of CAO and without.

The relevance of an accounting qualification has an impact on the actual or perceived need for a CFO's accounting qualification. Some accounting bodies have changed their syllabus to reflect the new norms. It will be interesting to analyse the difference between companies where CFOs are with updated accounting qualifications and those without.

Conclusion

Previous studies have generally suggested the idea that CFOs should be accounting qualified. A few research studies have found that companies' performance on better financial reporting accuracy, internal control, corporate governance, and tax efficiency are improved when CFOs are accounting qualified.

However, despite this, it has been observed that a significant percentage of about 30% of CFOs in the top companies in Singapore are not accounting-qualified. This phenomenon is particularly intriguing given the abundance of candidates and resources available to these top-listed companies. In order to gain a better understanding of this trend, this study conducted interviews with five main groups of stakeholders, namely CFOs, Potential Future CFOs, CEOs, leaders of accounting bodies, and partners of audit firms.

The study found that the interviewees' backgrounds had an impact on the responses given; in particular, interviewees with connections with an accounting qualification tend to view it as important, while interviewees working in companies who have lesser connections with accounting qualifications do not tend to see it as being important. This is despite the fact that many of the interviewees were accounting-qualified themselves.

Upon further discussions, the study found that the reason interviewees responded that CFOs having an accounting qualification is important was mainly due to the need for the signalling effect. This study looked at the Signalling theory and found that the results align with the theory as companies hire CFOs with accounting qualifications for their unobservable qualities of competence, prudency and conscientious attitude. Companies also want to signal the less-observable strength of their accounting records to stakeholders through their CFOs with accounting qualifications.

Upon further discussions, the study found that the reason interviewees responded that CFOs' accounting qualification is not important was mainly due to the need for better job fit. This study looked at the Person-Job Fit (PJ-Fit) theory and found that the result is in line. There are situations where companies believe PJ-Fit to be a more critical factor in the appointment of a CFO rather than the signalling effect.

The study then discussed when PJ-Fit is more important than signal. In particular, it was found that larger companies tend to place more emphasis on PJ-Fit rather than signalling. Firstly, this is because larger companies have better resources and can afford to invest resources into identifying specific personalities, characteristics, experience, and skills of their CFO candidate than relying on the signalling effect from the accounting qualifications. Secondly, they may already have a certain level of organisational legitimacy, which means a lower need for the signalling effect. Lastly, larger companies tend to have second-level finance employees who are accounting qualified, which means that CFOs can focus less on accounting and more on, for example, strategy and stakeholder management and that these CFOs may not need to be accounting qualified.

In conclusion, this study found that, in larger companies, the possession of an accounting qualification is not a necessity for a CFO, as PJ-Fit is deemed to be a more critical factor than the signalling effect.

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Appendices

Appendix 1: Interview guide

a) Do you think CFOs need to be qualified accountants?

b) Many research studies have found a relationship between CFO qualifications and company success (interviewer shows past research on improved financial reporting accuracy, internal control, corporate governance, and tax efficiency) Do you agree?

c) It has been found that many of the CFOs of the top 20 companies in Singapore do not possess an accounting qualification. What are your views and why do you think this is happening?

d) Depending on the answer to question (a):

   I. If the interviewee answered “yes”: Why do you think it is?

   II. If the interviewee answered “no”: Why do you think it is not?

e) Depending on the answer to question (a):

   III. If the interviewee answered “yes”: When and in what situation do you think CFOs need to be qualified accountants?

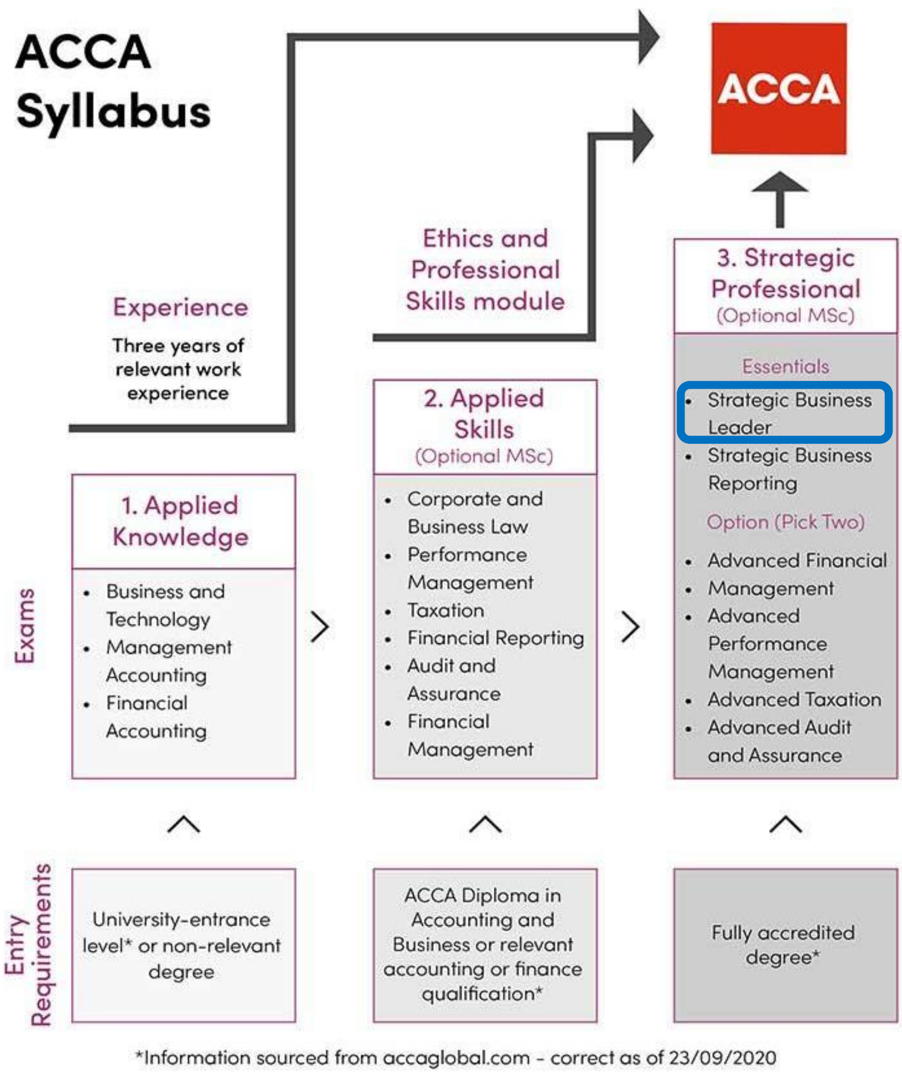
   IV. If the interviewee answered “no”: When and in what situation do you think CFOs don’t need to be qualified accountants?

Appendix 2 – Examples of non-accounting syllabus included in accounting qualification

Highlighted areas are the non-accounting syllabus added

Appendix 2.1: ACCA Syllabus

Below are extracts of description on ACCA programs. *("ACCA qualification syllabus," 2021)*



Appendix 2.2: CAANZ Syllabus

Below are extracts of description on CAANZ programs. *("CAANZ course descriptions," 2021)*

Required competencies

Applicants need to demonstrate that they have sufficient knowledge in the following areas:

- Accounting Systems and Processes
- Financial Accounting and Reporting
- Audit and Assurance
- Business Law
- Economics
- Finance and Financial Management
- Management Accounting
- Quantitative Methods
- Tax
- Information and Communication Technology
- Business Acumen (required from 2022 for new admissions only)

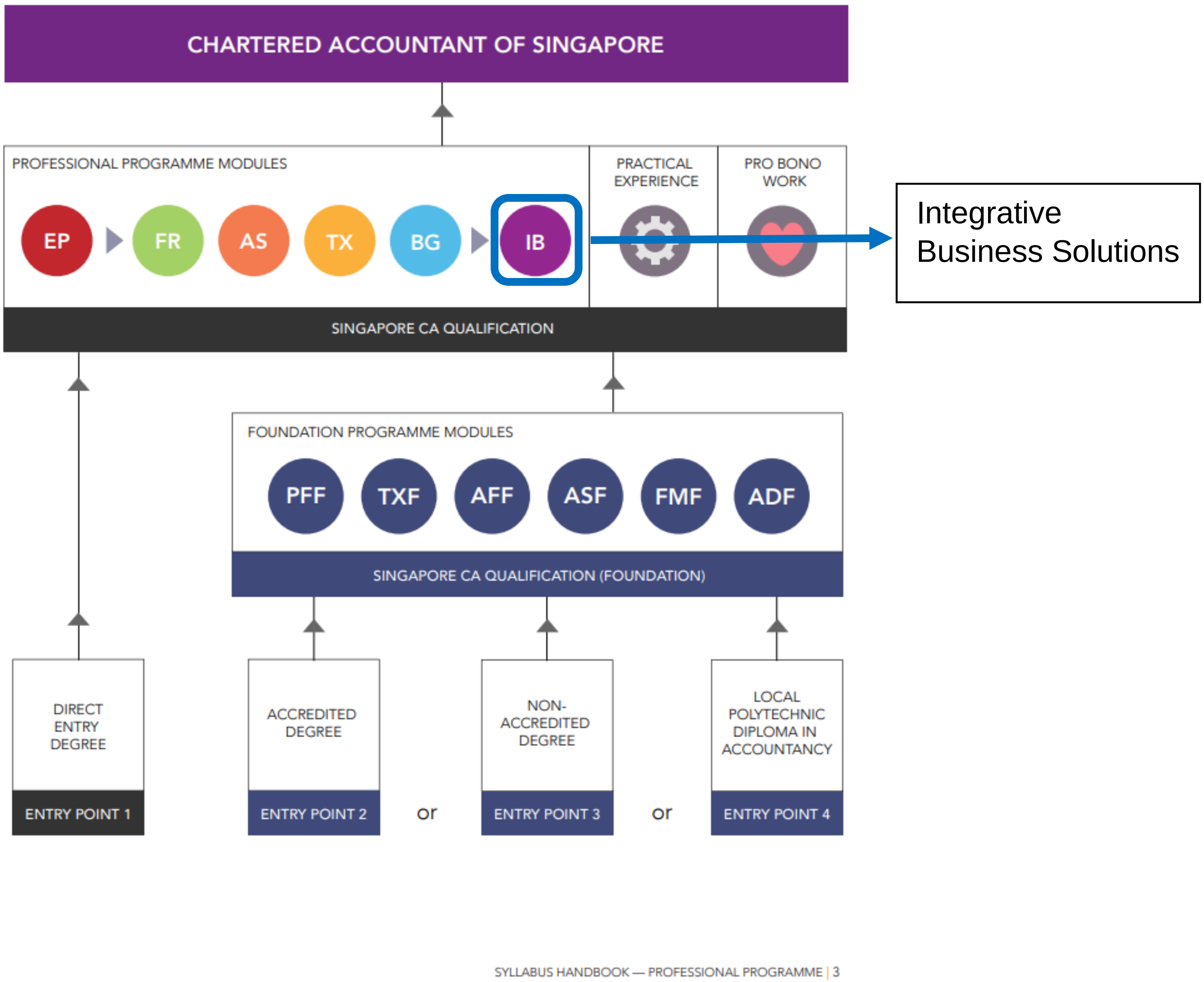
CA Program

The new CA Program consists of nine subjects (seven core and two electives), in conjunction with three years of Mentored Practical Experience.

- Core 1: Ethics and Business →
- Core 2: Risk and Technology →
- Core 3: Financial Accounting and Reporting (FAR) →
- Core 4: Tax (AU or NZ) →
- Core 5: Business Performance →
- Core 6: Audit and Risk →
- Core 7: Integrated Chartered Accounting Practice (ICAP) →
- Elective: Advanced Tax (AU or NZ) →
- Elective: Assurance →
- Elective: Data Analytics and Insights →
- Elective: Strategy and Performance →
- Mentored Practical Experience (MPE) →

Appendix 2.3: ISCA (Chartered Accountants Singapore) Syllabus

Below are extracts of description on CA Singapore programs. *(“CA Singapore Syllabus Handbook.,” 2021)*



MODULE OBJECTIVE

This capstone module will develop Candidates' ability to identify business issues and opportunities, and use their knowledge, skills, values, and judgment acquired from the Ethics and Professionalism module, four technical modules, and practical work experience to develop integrative business solutions for relevant stakeholders groups. Higher order knowledge and skills are required to assess strategic positions, business performance, and governance, as well as identify viable options, recommend appropriate plans to achieve strong organisational performance, and provide sustainable value-added solutions. The module requires Candidates to critically analyse business issues and demonstrate strong analytical skills through interpreting and evaluating multidisciplinary business case study/studies.

ENROLMENT REQUIREMENT

Candidates will only be allowed to enrol for the Integrative Business Solutions capstone module upon completion of the Ethics and Professionalism module and passed the 4 technical modules. In addition, Candidates must have acquired at least 2 years of relevant practical experience by the time they sit for the examination.

COGNITIVE LEVELS

This module does not include cognitive/intellectual levels in the same way as the technical modules. Non-technical learning outcomes required for this module are not described in terms of intellectual depth.

Appendix 3: Examples of CFO Recruitment Advertisements in Jul 2021

<table>
<tr>
<th>With accounting qualification requirement</th>
<th>Without accounting qualification requirement</th>
</tr>
<tr>
<td>
[redacted]
CFO (SGX Company)
Singapore
Apply Now | Save
Job Salary Company Rating Reviews Benefits

Description

SGX Listed
E-Commerce & Logistics Solutions Company
Salary circa S$420,000 base + bonus

Our client, listed on the Singapore Stock Exchange, is capitalising on the vibrant and growing e-commerce industry in its strategic plans moving forward. Due to succession planning and a potential renewal of its senior leadership team, there is now an excellent opportunity for an experienced CFO to lead them in this exciting path of growth.

Responsibilities

Reporting to the CEO, you will be responsible for full suite CFO function, which will include all aspects of financial management as well as maintaining a robust financial governance and internal controls framework. Apart from your fiduciary responsibilities, you can also expect to be extensively involved in the strategic leadership of the CFO function as we navigate the current challenging external environment. Leading a sizeable finance organisation, you will review the current target operating model and initiate transformation initiatives to ensure the continued efficiency and cost effectiveness of the finance organisation.

Requirements

Ideally you should be a degree qualified CA/CPA and have a minimum of 20 years experienced gained in Singapore listed companies. Strong background in M&A and/or investor relations are key prerequisites for the role. You have led transformation initiatives, especially within the finance organisation e.g. shared services, cost restructuring etc. You possess acute business acumen, have strong leadership capabilities and thrive in extremely dynamic and challenging environments.
</td>
<td>
[redacted]
Chief Financial Officer
Singapore
Apply Now | Save
Job Salary Company Rating Reviews Benefits

Description

Technology Consulting/Services Organisation
Headquartered in Singapore
Salary circa S$300k - S$350k total compensation

Our client is a leading Technology Consulting and Services organisation. Due to a leadership renewal, there now exists an exciting opportunity for a seasoned finance professional to join them.

Role

You will be responsible for the full suite finance function, including ensuring the accuracy of financial reporting to senior management and to the board of directors. You will harness relevant data and provide meaningful insights to facilitate strategic decision-making for all business stakeholders. You will drive effective end-to-end financial budget and cash flow planning, incentives management where applicable, support new business initiatives (e.g. new product launch and the associated pricing considerations, legal reviews etc.), as well as continuous improvements on overall organizational processes.

Requirements

With a minimum of 18 years relevant commercial and CFO experience, you are both strategic in thought, and operationally hands on. Prior experience in fast paced tech industry, consulting and/or professional services will be highly desirable. You are a strong leader and have superior communication and engagement skills. Ability to navigate complex and highly matrixed organisations will be highly advantageous. As there are significant government and national projects, and hence the access to highly sensitive data, preference will be given to Singaporeans for this role.

To Apply

To apply, please submit your resume to Cecelia Koh at ck@kerryconsulting.com, quoting the job title and reference number CK20717. Due to the anticipated overwhelming responses, we regret that only successfully shortlisted applicants will be contacted
</td>
</tr>
<tr>
<td>
[redacted]
CFO (SGX listed - Experience in IPO)
Singapore
Apply Now | Save

Rating Highlights
Compensation & Benefits: N/A   Career Opportunities: N/A
Culture & Values: N/A   Work/Life Balance: N/A

Job & Company Insights
Job Type: Full-time   Industry: N/A
Job Function: Chief Financial Of...   Size: N/A

Job Rating

Our client is a well-known leading company in Biotechnology & Life-Science industry.This is a newly created position to support their IPO process.

Duties

As a CFO, you will be working closely with the CEO, the senior management team and the board.
Overall in-charge for the strategic planning, implementation, managing and ensuring all the finance activities and it's subsidiaries.
You will oversee the finance team involved in the timely reporting of the SGX and yearly statutory reporting in accordance to FRS and SGX guidelines.
Advising the CEO regards to M&A / Investment and Fundraising / IPO project.

Requirements

Strong Accounting Background (CA, CPA, ACCA, CIMA qualified)
Experience in SGX announcement
Experience in IPO will be an added advantage

</td>
<td>
[redacted]
Chief Financial Officer
Outram Park
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Job Summary / Introduction

A leading European Commercial Bank are looking to appoint a CFO. This position will look after finance BAU, maintain the relationship with the MAS, business partnering with other teams and some aspects of Market & Liquidity risk. Along with end to end financial reporting and control function within the Singapore branch, reporting directly to the CEO with a matrix reporting line into the Commercial Bank International Finance and the COO function.

Job Description - The role will include duties such as but will not be limited to:

Leadership role to ensure a well-run Finance function and support the growth of LBCM Singapore branch
Managing a team of 7 finance and accounting staff
BAU finance management Financial Reporting, Head Office Reporting, Regulatory Reporting, Financial, Planning & Analysis, Tax and Accounts Payable
Management of the Liquidity and Market Risk monitoring
Managing the MAS relationship and external auditors for the bank
Business partnering for product development and strategy
Change management and new system implementation
Maintain good control environment and providing finance best practice

Reporting, planning and control

Financial governance:

Implementation of Group finance related policies in the branch and maintaining local policies, procedures and governance.
Financial control: exercising due control over local financial processes, including Accounts Payable and Payroll. Delivering a controlled month-end set of numbers into Group finance for Head Office and local statutory reporting.

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[redacted]

Chief Financial Officer / CFO Asia, Station Singapore

Singapore

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Our client is a well established regional Consumer Goods company with solid distribution channels in Asia and their major market is China.
The CFO will be a critical part of the company's senior management team. This role will be the primary point of contact for all questions, concerns, and requests for information as it relates to business expansion, active M&A, investor relations, accounting, control, and reporting matters impacting its business in the Asia Pacific region and its subsidiaries.

Key Responsibilities: -
Responsible for regional financial & management accounts and control standards, identifying and resolving related issues, partnering closely with regional and local finance teams to influence key business decisions

Review, monitor & analysis of the Asia Pacific region's business performance with a focus on China markets

Review, improve, adhere to and enforce regional and local policies and procedures at country levels ensuring proper accounting controls exist in support of internal controls over financial reporting and compliance

Provide accounting and tax support to local offices

Development and maintaining governance processes within the region should reflect and support corporate initiatives and direction.

Monitor regional capital expenditure and cash flow requirements ensuring resources are allocated to high growth business and regional M&A opportunities.

Monitor financial closing and management reporting process to ensure the timely and efficient manner

Manage, motivate and train regional teams to meet requirements across all areas of responsibilities Key requirements: -

University degree in Accounting or Finance

CPA or equivalent. Master's Degree, or equivalent, in Business Administration, Accounting, Finance (preferred).

Knowledge of GAAP and International financial reporting standards

At least 15 years of professional experience in a finance control or similar position, preferably within the consumer products / F&B industry.

Chief Financial Officer (Energy Industry)

Remote | Singapore | Permanent placement | SGD28,000.00 - SGD32,000.00 / month

2 August 2021

Apply now

The Company
My client is a leader in its industry. Currently hiring a seasoned Finance leader with Oil & Gas/ Energy Infrastructure industry exposure, strong Accounting, Project Financing & Capital Raising experience.
Successful Profile & Expectations

- Experience in **Oil & Gas, Energy Infrastructure** industries, or **Capital Intensive & Heavy Asset** based business (Company must be an Asset Owner & not just an operator)
- Familiarity with **Oil & Gas/ Electricity** market
- Strong **Accounting, Project Financing** (longer term financing), **Enterprise Risk Management and Capital Raising** experience required
- Experience in liaising with the **Board**, and/or strong relationship with **SG Government/ Regulators** can be strong plus
- Strong business acumen, strong communication skills (written and spoken), forward-looking, successful team management track record
- Singaporean/ Singapore PR applicants

This position is part of the Senior Leadership Team and will provide strategic leadership in overseeing the overall Finance & Accounting function, reporting to the CEO and working closely with the Board of Directors and Audit Committee. You will be involved to evaluate, develop and steer short term and long term strategic financial objectives and goals of the organisation.
You will be responsible for the full spectrum of Finance function, your portfolio includes oversight of accounting operations, financial reporting, management reporting, audit, taxation, financial planning and analysis as well as budgeting and forecasting activities. You will also oversee treasury, corporate finance, project financing, governance, regulatory compliance, as well as matters relating to procurement and enterprise risk management.
You will assist in the monitoring of key financials & operational metrics, and formulate strategic plans to drive financial performance and direction of the Company. You will also drive process streamlining and system enhancement projects, and partner closely with cross functional head of departments to drive various improvement initiatives. Good stakeholder engagement and management skills is essential to succeed in this position.
Your Profile

- Degree qualified
- Mandatory to have Energy or relevant asset & capital-intensive industry exposure
- Seeking a seasoned professional with strong communication, written and stakeholder management skills.

[redacted]

Chief Financial Officer (CFO)

Singapore

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Job | Salary | Company | Rating

Job Description :
Responsibilities:
Responsible for financial management, financial reporting, and cash flow reporting
Create, revise, and implement effective internal control policies and procedures
Prepare internal financial reports, business performance reports, budgets, and financial forecasts
The CFO in single family offices is responsible for all accounting-related topics
Planning, implementation, managing and running of all the finance activities
Able to set up company structure of the family office

Requirements:
Bachelors degree in Accounting, Finance or Economics
Full membership of recognized professional accounting body such as CA, CPA or ACCA with minimum five years post qualifying experience.
Postgraduate qualification such as MBA would have an added advantage.
10 years managerial experience in accounting and finance out of which 5 years should be at Head of Finance or CFO level in Banking or Financial Services Industry
Experience in VC, PE, and family offices
Experience in M&A or start-up companies
Excellent verbal and written communication skills
Problem solving skills and able to work independently

Job Description :
Responsibilities:

- Responsible for financial management, financial reporting, and cash flow reporting
- Create, revise, and implement effective internal control policies and procedures
- Prepare internal financial reports

Show less

[redacted]

Chief Financial Officer

[redacted]

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- Approving and monitoring expense claims.
- Oversee Accounts Payable function

Planning:

- Preparing financial plans for the branch and monitoring ongoing performance.
- Work with business heads to ensure the branch achieve the budget targets

MI:

- Developing appropriate local MI that covers the local branch balance sheet and cost base as well as overall client profitability and returns reporting. Working with the Head of Finance to build local MI reporting that enables the effective management of the local business.
- Building appropriate relationships and SLAs with UK stakeholders to cover the provision of routine financial information booked on UK platforms.

Skills & Competencies:

- Preferably Qualified Accountant.
- Proficient in Microsoft Office packages with strong Excel, Word and PowerPoint.
- Proficient in accountancy ledger software.
- Leadership and people management skills

The Successful Applicant

- The successful candidate must have previous finance and accounting experience within a bank, preferably a Commercial Bank.
- A detailed working knowledge of MAS regulations with regards to the banking finance function
- Finance change exposure
- The ability to comfortably liaise with senior stakeholders based inside and outside of Singapore.

[redacted]

Chief Financial Officer

[redacted]

Singapore

SGD 10,000 - SGD 15,000

Posted on 23-Jul-21

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Job Description

The Role

Reporting to the CEO and as a key member of the senior leadership team, this position will take full ownership of the finance function and provides strategic direction and financial leadership to the business.

The incumbent will lead and manage all finance-related activities, including providing strategic and operational financial oversight, budgeting, forecasting and planning, board and statutory reporting whilst ensuring robust financial governance and controls. You will play a pivotal business partnering role to the senior leaders by providing advisory and insights on business activities to enable business decisions and planning.

The ideal candidate will have the following:

- CPA or CA qualified
- Degree in Finance, Accounting or a relevant discipline is essential
- Demonstrated track records in a SGX listed corporate environment
- Highly motivated and outcome orientated
- Demonstrated excellent business acumen, communication and interpersonal skills
- Exceptional interpersonal and inclusive, collaborative leadership skills
- At least 10 Year(s) of working experience in the related field is required for this position.

[redacted]

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Chief Financial Officer - Health-Tech Venture

[redacted]

Singapore

Posted on 21-Jul-21

Job Description

This is a newly created position for an experienced and growth oriented Chief Financial Officer to join a fast-growing start-up. Besides leading the finance organization, you will join an exemplary leadership team in spearheading the growth of the organization.

Client Details

Our client is a regionally grown Health-Tech venture with a good network of Medtech and Pharma partnerships. They are in Series C stage and are well positioned to expand beyond the region.

Description

- Provide leadership in the development for the continuous evaluation of short and long-term strategic financial objectives.
- Manage processes for financial forecasting, budgets and consolidation and reporting to the Board and Investors.
- Provide recommendations to strategically enhance financial performance and business opportunities.
- Oversee the financial management, accounting, and reporting, including implementation of finance frameworks, policies and processes in accordance with local/international accounting standards.
- Oversee the implementation of risk management, compliance, and internal control practices to ensure safeguarding of cash and physical assets and minimizing financial liabilities.
- Partner with Sales and Operations to identify revenue opportunities; expansion prospects; analysing organization operations; identifying opportunities for improvement, cost reduction, and systems enhancement.
- Provide executive management with advice on the financial implications of business activities.
- Formulate investment strategies and cash management practices (including optimal transaction banking infrastructure) to maximize yields, cost savings and efficiencies.

Profile

- BS in Accounting or Finance, MBA and/or CPA highly desirable
- At least 15 years of progressive experience in financial management, with at least 5 in senior leadership
- Technology, Healthcare or Start-ups experience is highly desirable
- Significant experience working with external auditors, internal controls, and compliance-related issues.
- Extensive experience in Fundraising (series C and beyond) and Investor relations
- Track record of success in executing IPO transactions
- Strong interpersonal skills, ability to communicate and manage well at all levels of a multi-cultural organization